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Project Title:

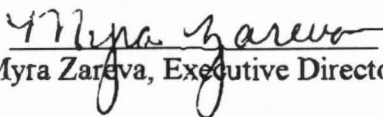
**MAXIMIZATION OF FEDERAL/STATE RESOURCES**

Submitted By:

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Jasper County Board of Disabilities and Special Needs

Reviewed By:

  
Myra Zarova, Executive Director

May 11, 1998

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The project goal is to create a proposal to be submitted to SCDDSN with approval from the agency Director to more effectively use state dollars by reducing state dollars in the adult day program by 5% as a state match to a request for increased federal medicaid dollars in the residential program of 10%.

The impact this funding would have on current programs include: maximizing the strength and solidity federal dollars bring when funding services such as day rehabilitation, maximizing state dollars to minimize potential funding cuts from State funded programs; enhances job security for direct care staff, and reduces the overall amount of state dollars expended. The state per diem rate has become a real issue in that within the next two years, a program will be implemented to capitate state rates. Preliminary figures indicate that our Board may realize significant cuts. Therefore, any reduction that can be implemented now, will be beneficial in the future.

External customers would benefit in that waiting lists for individuals desiring services could be addressed. Additional work contracts could be solicited to accommodate the additional folks brought in from waiting lists. Revenues from work contracts would increase thereby impacting the budget again in a positive way.

In addition to the day and residential programs which are funded with a per diem rate, there are other programs funded through the state under what is called a standard award. These programs typically run a deficit balance in the smaller, rural areas such as ours. In fact, the anticipated deficit is largely due to these standard award programs. By resolving the deficit issue, these programs become more secure as well.

With an effective date retroactive to July 1, 1997, this proposal would create the amount of funds necessary to eliminate the deficit and ensure a solid funding base for operation.

A problem exists within the JCBDSN, as in many other provider organizations, with regard inadequate funding sources. The root cause of this problem exists because SCDDSN provide the majority of state dollars in order to operate programs for individuals with mental retardation and other life long disabilities. However, they are limited in the dollars they can provide. This conclusion is based upon working within the system for the past eleven years and a strong working knowledge of contracts and grants. There is data available to support this statement from audit reports from previous years. In an effort to obtain additional funding, the JCBDSN has and continues to actively pursue grants and cooperative agreements and other state agencies. In addition the JCBDSN works very closely with the local County Council to secure funds each year. A chart of funding sources is provided. (See Attachment 1). Although the JCBDSN has been successful in maintaining local funds and grant awards, the problem still exists: we need more dollars in order to run the quality programs that the people we serve deserve.

Currently, the JCBDSN is anticipating approximately a \$20,000 deficit for FY 97-98. This information is based on an agency cost allocation plan for this fiscal year. (See Attachment 2). This document indicates that alternative funding must be explored in order to increase revenues. Increased revenues would eliminate the deficit and attempt to balance the budget. The deficit occurred due to the fact that administrative costs are allocated to each program operated by JCBDSN. Standard contract amounts are not adequately funded to absorb these costs in smaller programs such as ours. Without additional dollars, the agency could possibly have to reduce the level of the programs currently being provided. With new plans in place to revise current funding arrangements with providers and SCDDSN, smaller providers, such as JCBDSN, could risk becoming non-existent without a solid financial base. Alternative funding and diversification are areas in which our agency

will pursue. This may be accomplished through attempting funding through additional grant opportunities and creative financing techniques.

One creative financing option to be considered in increasing funding is the medicaid waiver program. Through this program, federal dollars are available for providing some of the services the JCBDSN provides. However, in order to obtain medicaid funding, there is approximately a 30% match required. With a \$20,000 anticipated deficit, there are no dollars available for the match.

Thus, the problem to be addressed is how JCBDSN can increase the amount of funding in order to eliminate the anticipated deficit and balance the overall agency budget for FY97-98.

To attempt to provide a cause analysis that accurately identifies contributing factors to the problem, first one must have a basic understanding how funding is provided for local boards. Programs for people with disabilities and special needs are funded through state, federal and local governments. State funding is key to both federal and local resources. Under contract with DDSN, each local DSN board is responsible for developing a local service plan. State funding is obtained at the local level through contractual agreement based on the number of individuals served and/or the number of service units utilized. This is done on an annual basis. Local boards are also responsible for developing and coordinating services and funds with other agencies, such as the local Board of Education, health and social service agencies and the community mental health centers. DSN boards are encouraged to solicit donations from other organizations and provide volunteer services as well.

Although efforts are made to ensure these objectives are met, adequate funding continues to be an issue. Smaller county boards do not have the base of operation available to us that larger boards have. Larger boards are able to "spread" their administrative costs to various programs. The lack of resources in small, rural areas significantly reduce the possibility of potential funding available

in comparison to organizations in larger counties, such as United Way, Easter Seals, civic groups, etc.

Larger boards have ancillary staff available to explore alternate funding vehicles/strategies. For example, several have well-established foundations that work directly with boards to solicit funds only available to private non-profit organizations with a 501(c)3 tax status. Until recently, JCBDSN has not had the administrative resources available to pursue such time consuming endeavors.

The waiver continues to be an effective tool in reducing program budgets, while maintaining services provided to a specific population such as the individuals we serve. The medicaid waivers are joint projects between the SC Department of Disabilities and Special Needs and the State Health and Human Services Finance Commission. For many of the programs not included as Waiver services the State previously had to use 100% of their own money. Availability of federal medicaid waiver dollars, permits the State to bring in federal money and reduce their contribution to approximately 25%. In a Notice from the Department of Health and Human Services, the Federal percentages that are to be used in determining the amount of federal matching to State expenditures are outlined annually. Currently in South Carolina the percentage is 70.23%.<sup>1</sup>

An implementation plan would begin with the agency that administers the Medicaid program for South Carolina, which is the SC Department of Health and Human Services. In 1987, Congress created section 1915 of the Medicaid Act. This established the Home and Community-based Waiver Program, thus allowing the state to provide services, not otherwise available through Medicaid, to individuals who met the level of care criteria for an institutional setting. The Medicaid Waiver participants receive the same services available in the institution, but in a home and/or community-

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<sup>1</sup>Federal Register: January 29, 1997, Volume 62, Number 19, pg. 4293-4295

based setting. It is an optional program and must have federal approval of the waiver application. Individuals with developmental disabilities may be served in the community, through the waiver if they would otherwise require ICF/MR services funded by Medicaid, as long as Medicaid costs are less than those that would have been incurred without the waiver.

Currently, all individuals served by the JCBDSN in the day and residential facilities are medicaid approved. Therefore, to implement this project, the first criterion has been established.

Through a collaborative effort with SCDDSN, the finance director and executive director will meet with the finance office at DDSN to discuss the possibilities of implementing the plan. All the possibilities will be evaluated to determine what, if any, state dollars could be utilized as a state match to additional federal medicaid dollars. Once a figure is determined, budgets and cost allocation plans will be resubmitted for approval. (See Attachment 3). Approval must be obtained first by the finance committee of the JCBDSN and subsequently the entire board. A proposal is then drafted and submitted to the review committee of SCDDSN. A chart is attached that indicates the anticipated time line for the project. (See Attachment 4).

Strategies to overcome anticipated obstacles include ensuring that all parties concerned are "speaking the same language" and that both the programmatic and fiscal areas have "buy in" to the proposal.

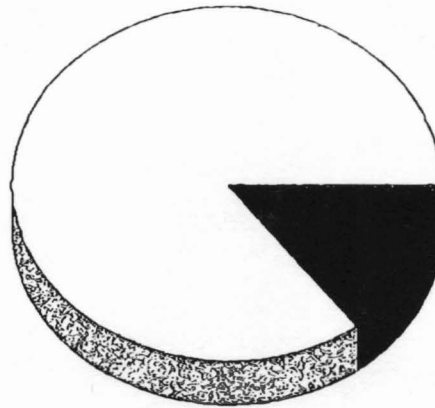
Meeting the project goal will be determined immediately upon a favorable decision of the review committee. This proposal ensures that agency standards are not only maintained, but enhanced. Project outcomes will be measured by updating cost allocation plans and evaluating the results.

Once the proposal is approved, another evaluation method to be utilized will be the annual

audit report performed by an outside audit firm at the end of the fiscal year. Information obtained from the audit report will be integrated into the general ledger. The cost allocation plan will be updated accordingly. This will become a standard operating procedure in the evaluation process to ensure a balanced budget is maintained.



# Chart of Revenue Sources



SCDDSN



Jasper Co. Schools



Client Fees



Jasper Co. Council



Work Contract



SCDOT



SCATP

SCDDSN	Yellow	\$1,200,000
Jasper Co. Council	Green	\$68,000
Jasper Co. Schools	Red	\$15,000
Work Contract	Blue	\$35,000
Client Fees	Sky Blue	\$52,800
SCDOT	Violet	\$25,000
SCATP	Brown	\$9,500



## Attachment #2

**PROGRAMS WITH REVENUES  
PRIOR TO MEDICAID WAIVER IMPLEMENTATION**

<b>Program Name</b>	<b>Total Cost To Operate</b>	<b>State Revenue</b>	<b>Other Revenue</b>	<b>Amount Over/Under (-)/(+)</b>
Day Program	364,657	282,218	82,700	261
Early Intervention	80,128	74,031		(6,097)
Service Coord.	151,113	144,539		(6,574)
Summer Camp	10,073	10,000		(73)
Steps Program	58,163	53,829		(4,334)
Pine Forest	141,754	123,062	19,200	508
Respite	44,542	44,542		0
Training Coord.	36,238	36,238		0
Waiver	27,226	27,201		(25)
Hagin Drive	157,038	135,641	19,000	(2,397)
CTH I	16,001	14,869		(1,132)
Adams Street	170,727	149,257	19,200	(2,271)
Job Coach	83,777	58,094	25,700	17
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Totals	1,341,438	1,153,520	165,800	(22,118)

## Attachment #3

**PROGRAMS WITH REVENUES  
WITH MEDICAID WAIVER PROPOSAL IN PLACE**

<b>Program Name</b>	<b>Total Cost To Operate</b>	<b>State Revenue</b>	<b>Other Revenue</b>	<b>Amount Over/Under (-)/(+)</b>
Day Program	371,391	274,214	93,400	(3,777)
Early Intervention	81,275	75,419		(5,856)
Service Coord.	151,604	147,249		(4,355)
Summer Camp	8,989	9,380		391
Steps Program	58,003	54,838		(3,165)
Pine Forest	147,426	138,918	19,200	10,692
Respite	44,542	44,542		0
Training Coord.	37,051	37,051		0
Waiver	27,414	27,421		7
Hagin Drive	163,500	151,413	19,000	6,913
CTH I	16,287	15,148		(1,139)
Adams Street	177,879	165,355	19,200	6,676
Job Coach	86,029	60,091	20,000	(5,938)
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Totals	1,371,389	1,201,039	170,800	450

## Attachment #4

**TIME LINE OF PROJECT**

- Work with Service Coordinators to ensure individuals served are qualified to receive Medicaid Waiver Services. October 1997
- Work with Executive Director to determine amount of dollars necessary to balance budget. Factor in current per diem rates to determine how much these rates would have to increase in order to balance budget. November 1997
- Meet with Director of Cost Analysis Division, South Carolina Department of Disabilities and Special Needs to determine possibilities of implementing plan. January 1998
- Meet with Finance Committee of Jasper County Board of Disabilities and Special Needs to explain plan and seek approval. February 1998
- Meet with entire JCBDSN Board of Directors to explain plan and seek approval. February 1998
- Submit proposal to SCDDSN Project Review Committee for approval. April 1998
- Upon favorable decision from Project Review Committee, receive contract amendment to begin implementation of plan retroactive to July 1, 1997. May 1998
- Standardize evaluation process for quality assurance. June 1998